

MINISTERIAL CONFERENCE ON 3R INITIATIVE

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Your Excellency, Mrs Koike, Minister of Environment

Excellencies, Ladies, Gentlemen,

1. IMPORTANCE AND TIMELINESS OF THE 3R INITIATIVE

On behalf of the OECD I would first like to express our gratitude to the Japanese authorities for hosting this meeting in the context of the 3R initiative. This initiative is befitting to the country and people of Japan where the concept of recycling of materials and the reincarnation of all lives is a commonly shared knowledge and belief. The need to reduce, reuse and recycle has been with us for some time. Since the 1970s a number of OECD countries have addressed the reuse and recycling of waste. Later, in the late 1980s and early 1990s, concern with land filling capacities prompted new laws to reduce waste generation. The Seveso accident in Italy (in July 1976) and the subsequent disappearance of barrels containing dioxin waste from Seveso was also a landmark event, which prompted control procedures for transboundary movements of hazardous waste in Europe, in the OECD and eventually world-wide with the Basel Convention.

The 3R Initiative and renewed efforts towards a “circular economy” are most timely and most welcome. For, we are experiencing increased tensions of demand-supply on a number of material flows. Not only on oil, but also in commodities like copper, lead, tin, nickel, molybdenum,

and soja. Over the period 2000-2004, their (nominal) prices have all increased: oil increased by 37%. Aluminium and copper prices reached in March this year their highest level in 15. Concerns are also growing with “leaks” of hazardous materials such as mercury and asbestos into the environment at different stages in their life-cycle and with associated monetary compensations. Municipal waste generation in many countries has been growing rapidly. Recycling rates for metals, glass; paper etc; have increased, but recycling by itself will not be sufficient to cope with the increase in waste outflows. These problems have renewed the urgency of the 3R agenda.

2. 3R, MATERIAL FLOWS AND SUSTAINABLE DEVELOPMENT

Natural resources are the foundation of economic activity and human welfare. Their management and efficient use are critical to economic growth and to sustainable development.

Thirty OECD countries are collectively among the biggest users of natural resources in the world, be they oil; copper or aluminium. Because of the weight they have in global resource use, and because of the importance of the natural capital base of their economies, OECD countries have a particular responsibility and an important role to play in achieving more effective and efficient resource management and sustainable resource use.

Trade and development have, if anything, increased the urgency of promoting sustainable resource use. Economic growth is accompanied by growing demands for raw materials, energy and other resources.

Concerns about shortages of stocks and the security of supply of natural resources and material have been a recurrent theme throughout recent decades. Trade has enlarged markets and led to an overall increase in international flows in goods and materials. In recent years, resource consumption and the security of supply have again become important issues, amid growing demands from OECD countries, as well as other Asian countries, including China and India. This adds to long-standing concerns about the sustainability of resource use and about the associated negative environmental consequences.

For all these reasons, the Heads of State and Government of G8 countries addressed the issue of material flow and resource productivity. First, in Evian in 2003 they asked the OECD to work on material flows and resource productivity indicators. Second, in Sea Island in 2004 they endorsed this 3R initiative proposed by Japan.

OECD countries have a particular responsibility here, including through co-operation with their partners in the world. In many instances, exchange of experience between OECD countries and other countries or regions has proven mutually beneficial and has helped to cope with issues of common concern.

3. LOOKING AHEAD – WHAT CAN THE OECD DO?

Waste management has emerged as an economic sector representing close to USD 100 billion of business world-wide. Global trade in recyclables is about 200 million tonnes per year, 75% of which is intra OECD trade. Therefore, some of the major OECD recommendations and

efforts focus on the economics of waste; environmentally sound management of waste; strategic waste prevention; and material flows and resource productivity.

Looking ahead, the OECD countries have identified a need to move forward in several areas including (1) strengthening the economic efficiency of the waste management sector and (2) improving the knowledge base about material flows. Work is already underway at OECD on these two topics.

Strengthening the economic efficiency of the waste management sector first requires improved economic analysis in order to establish proper “framework conditions” for the development of waste-related markets. Economic analysis, including cost-benefit analysis, will support the setting of targets, like a target to reduce exposure to lead. Economic analysis also supports the appropriate development of waste streams, improved use of life-cycle assessments, and the definition of the most cost efficient and environmentally effective mix of policy instruments. Waste taxes and charges have proven their effectiveness in reducing residual waste and in increasing recycling in many case studies. However, there is no easy formula appropriate for waste handling. New work on “sustainable materials management” will look into ways to internalise externalities throughout the whole life cycle of materials. We will also develop appropriate policies and instruments to achieve this objective.

Strengthening the efficiency of the waste management sector also requires cost-effective waste-related service delivery. The management of non hazardous waste (municipal or industrial) often remains the responsibility of municipalities or enterprises. But actual waste management services are provided by waste management operators. These operators, by virtue of economies of

scale, technological progress and higher professional capacities, can provide waste management services more efficiently. Improvements in local and industrial governance in the waste sector combined with advances in cost-recovery using taxes and charges should help i) provide appropriate incentives for consumers and producers, and ii) increase financing in the sector. However, provisions should be made for low-income households that cannot afford the price of the services.

Improving the knowledge base about material flows is also essential. Drawing a parallel with energy, it is clear that we need to better understand the physical sequence of extraction, transport, and use in production and consumption activities of materials, before materials are reused and recycled or finally disposed of. Clearly, there are potentially diverging interests between material producing and consuming countries. But these countries also have converging interests in reducing uncertainty and achieving some degree of price stability. The OECD is now working with its members and international partners to establish such a common knowledge base and develop reliable indicators that will enable us to improve our understanding of the role of natural resources such as ferrous metals, non-ferrous metals and construction minerals in major economic sectors, and of the implications of economic development for resource use and resource productivity.

The OECD is very willing to consider other ways of supporting progress on the 3R initiative, including through better modelling and analysis of future material flows world-wide. I would also like to propose, if there is interest among countries, that the OECD could host a seminar or conference in a few years time.

Lastly, allow me to refer to my unforgettable experience in São Paulo; Brazil, three years ago. The Government of Japan helped a municipal community there to build a recycling centre for cans, bottles and other waste. Homeless people in the street in the impoverished part of the city were recruited to work in the recycling centre, wearing brand new uniforms. At the opening ceremony of the centre where I was invited to attend; those Brazilian workers sang a song together, singing that recycling is not just for cans and bottles; we were homeless yesterday without hope, but today we are all recycled to be useful and valuable again. Those at the ceremony were all in tears with joy and the shared sense of achievement. If they were here today, I am sure that they would applaud wholeheartedly this important initiative of 3R. I wish all success to this conference.

Thank-you

Kiyo AKASAKA

Deputy Secretary-General, OECD

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